
By: **Delegate Rudolph**

Introduced and read first time: January 28, 2004

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Small Group Market - Wellness Activities - Discount**

3 FOR the purpose of authorizing a health insurance carrier in the small group market

4 to offer a discounted premium rate for wellness activities; defining a certain

5 term; and generally relating to discounted rates for wellness activities in the

6 small group health insurance market.

7 BY repealing and reenacting, without amendments,

8 Article - Insurance

9 Section 15-1201(a)

10 Annotated Code of Maryland

11 (2002 Replacement Volume and 2003 Supplement)

12 BY adding to

13 Article - Insurance

14 Section 15-1201(q)

15 Annotated Code of Maryland

16 (2002 Replacement Volume and 2003 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article - Insurance

19 Section 15-1205

20 Annotated Code of Maryland

21 (2002 Replacement Volume and 2003 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - Insurance**

25 15-1201.

26 (a) In this subtitle the following words have the meanings indicated.

1 (Q) "WELLNESS ACTIVITY" MEANS AN EXPLICIT PROGRAM OR ACTIVITY,
2 CONSISTENT WITH GUIDELINES DEVELOPED BY THE COMMISSION, SUCH AS
3 SMOKING CESSATION, INJURY AND ACCIDENT PREVENTION, REDUCTION OF
4 ALCOHOL MISUSE, APPROPRIATE WEIGHT REDUCTION, EXERCISE, AUTOMOBILE AND
5 MOTORCYCLE SAFETY, BLOOD CHOLESTEROL REDUCTION, AND NUTRITION
6 EDUCATION, FOR THE PURPOSE OF IMPROVING HEALTH STATUS AND REDUCING
7 HEALTH CARE COSTS.

8 15-1205.

9 (a) (1) In establishing a community rate for a health benefit plan, a carrier
10 shall use a rating methodology that is based on the experience of all risks covered by
11 that health benefit plan without regard to health status or occupation or any other
12 factor not specifically authorized under this subsection.

13 (2) A carrier may adjust the community rate only for:

14 (i) age; and

15 (ii) geography based on the following contiguous areas of the State:

16 1. the Baltimore metropolitan area;

17 2. the District of Columbia metropolitan area;

18 3. Western Maryland; and

19 4. Eastern and Southern Maryland.

20 (3) Rates for a health benefit plan may vary based on family composition
21 as approved by the Commissioner.

22 (4) A CARRIER MAY OFFER A DISCOUNTED RATE FOR PARTICIPATION IN
23 WELLNESS ACTIVITIES.

24 (b) A carrier shall apply all risk adjustment factors under subsection (a) of this
25 section consistently with respect to all health benefit plans that are issued, delivered,
26 or renewed in the State.

27 (c) Based on the adjustments allowed under subsection (a)(2) of this section, a
28 carrier may charge a rate that is 40% above or below the community rate.

29 (d) (1) A carrier shall base its rating methods and practices on commonly
30 accepted actuarial assumptions and sound actuarial principles.

31 (2) A carrier that is a health maintenance organization and that includes
32 a subrogation provision in its contract as authorized under § 19-713.1(d) of the
33 Health - General Article shall:

34 (i) use in its rating methodology an adjustment that reflects the
35 subrogation; and

1 (ii) identify in its rate filing with the Administration, and annually
2 in a form approved by the Commissioner, all amounts recovered through subrogation.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2004.